

**Hitachi Group
Sustainability Report 2014**
FY 2013 Results



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Symbol Marks Used in This Booklet

- * Technical terms, proper nouns, etc. in the text requiring explanation
- † Tables or diagrams, etc. requiring explanation
- WEB** Indicates the title and URL of the webpage related to the article.

Fulfilling Hitachi's Social Responsibility



Toshiaki Kuzuoka
Senior Vice President and Executive Officer
Hitachi, Ltd.

A company's social responsibility has two aspects: complying with laws and regulations while respecting human rights to minimize the negative impact of business activities on society; and creating new value by providing jobs, protecting the environment, and contributing to society through business. We use two-way communication with a wide range of stakeholders, including customers, local communities, suppliers and NGOs, to fulfil the social responsibility that we are uniquely equipped to handle.

Editorial Policy

The *Hitachi Group Sustainability Report 2014 Digest* provides a brief and straightforward summary of the information contained in the *Hitachi Group Sustainability Report 2014* to encourage as many stakeholders as possible to read it. It provides an honest and transparent disclosure of information for fiscal 2013 initiatives and Hitachi's approach to addressing the social and environmental issues that are vital to the sustainability of corporate management and society.

Scope of Reporting

- [Period]** The main period covered is fiscal 2013 (April 1, 2013 to March 31, 2014)
- [Companies]** Hitachi, Ltd. and 947 consolidated subsidiaries (including modified entities to which the equity method of consolidated reporting applies): total 948 companies
- [Scope of data]**
 - Financial data:** Hitachi, Ltd. and 947 consolidated subsidiaries (including modified entities to which the equity method of consolidated reporting applies): total 948 companies and 231 affiliated companies that use the equity method
 - Environmental data:** Hitachi, Ltd. and 947 consolidated subsidiaries (including modified entities to which the equity method of consolidated reporting applies): total 948 companies. However, for environmental load data generated through business operations, companies that cover 90 percent of the load (based on Hitachi calculations) are included.
 - The data for each fiscal year indicates the results according to the scope of data in that fiscal year.
 - The base fiscal year data has been revised to match the scope of data for fiscal 2013.

Key Guidelines Referred to in Preparing this Report

- Environmental Reporting Guidelines (FY 2012 version), Ministry of the Environment, Japan
- Environmental Reporting Guidelines 2001—With Focus on Stakeholders, Ministry of Economy, Trade and Industry, Japan
- GRI Sustainability Reporting Guidelines (G3.1), Global Reporting Initiative
- ISO 26000: 2010, International Organization for Standardization

Disclosure of Financial and Non-Financial Information

Hitachi Ltd. presents information to match the needs of stakeholders reading this report. The *Hitachi Group Sustainability Report* presents non-financial information, while management and financial information is in the Annual Report. The *Hitachi Group Sustainability Report 2014* presents comprehensive non-financial information on management strategies and CSR, governance, environmental initiatives, and social activities as a PDF file (A4, 192 pages). Key issues are covered in this 16-page A4 booklet: the *Hitachi Group Sustainability Report 2014 Digest*. Our website also provides up-to-date Hitachi Group information.

WEB [Hitachi Group Sustainability Report 2014](http://www.hitachi.com/csr/download/index.html) <http://www.hitachi.com/csr/download/index.html>

WEB [CSR \(Corporate Social Responsibility\)](http://www.hitachi.com/csr/) <http://www.hitachi.com/csr/>

WEB [Environmental Activities](http://www.hitachi.com/environment) <http://www.hitachi.com/environment>

WEB [Social Contribution Activities](http://www.hitachi.com/csr/sc/) <http://www.hitachi.com/csr/sc/>

WEB [Investor Relations](http://www.hitachi.com/IR-e/) <http://www.hitachi.com/IR-e/>

External Evaluations

We were selected in September 2013 for the Dow Jones Sustainability World Indexes (DJSI World), one of the world's leading sustainability investment fund indexes.



Initiatives That We Participate in

We have been a member of the World Business Council for Sustainable Development (WBCSD) since 1995.



We have been a member of the United Nations Global Compact since February 2009.

Top Commitment Message from Management

Leveraging Hitachi's Strengths to Resolve Social Issues



"Hitachi delivers innovations that answer society's challenges. With our talented team and proven experience in global markets, We Can Inspire the World."

Inspire the world—to meet this challenge, set down in the Hitachi Group Vision in fiscal 2013, our emphasis is on winning, maintaining, and growing the trust of global society. This means not only developing technologically superior products and services to meet customer needs, but also observing fair, sound business processes grounded in the law and corporate ethics, so that we can remain a trustworthy partner in our customers' eyes. In line with the Hitachi Founding Spirit of sincerity, we will pursue integrity and complete transparency in our business operations to increase the trust that society places in us. We will also ensure compliance, product quality, and safety as part of our ongoing commitment to the principle of *Basics* and *Ethics*.

Resolving Social Issues through Business

Global society faces many difficult challenges that cannot be resolved overnight. Whether it is the worldwide depletion of water resources or climate change, national energy policies linked to the global political and economic situation, the power shortages coming from surging energy demand in emerging countries, the medical and healthcare systems needed to handle the rapid graying of society or plunging birthrates in the developed

world, be assured that Hitachi's technologies, experience, and knowhow are already hard at work. We believe that there are two key elements required for Hitachi to provide solutions to these social issues for meeting the expectations of global society. The first is two-way communication with customers and other stakeholders. To find solutions for our customers and for global society, we need a solid grasp of the circumstances in every country and region as well as the background to their particular ones. The second is the foresight to develop solutions not only for current issues but for potential ones as well. In addition to rapidly responding to changes in social conditions, our aim is to help build a sustainable society—finding the optimal energy mix, for example, among coal-fired thermal power, shale gas, nuclear power, solar power, and wind power. This will require developing deep insights into global society 50 to 100 years from now, including insights into demographics and energy and environmental issues. Working together to identify the complex issues facing our customers and global society and then leveraging the Hitachi Group's combined strengths to find solutions—that's how we will *Inspire the World*.

Globalizing Management

The 2015 Mid-term Management Plan, our business plan for the three years beginning in fiscal 2013, highlights three key policies: *Innovation*, *Global*, and *Transformation*. We have been transforming our business portfolio and expanding our service businesses based on these key policies. In fiscal 2014, we took on the further challenge of globalizing our management. Over the years we have globalized operations, choosing the best regions from around the world for procurement and production. We have taken management closer to our customers to expedite business, including establishing, for the first time in April, a global chief executive officer for our rail systems business in the United Kingdom. Realizing that global management will also require employing our human capital worldwide, we have been building a framework for the global deployment of Group employees based on a common personnel system and evaluation platform. We will continue to expand the scope of this framework to employ people in the right place at the right time to be better partners with our global customers.

As of April 2014, Hitachi established a chief operating officer position to work alongside our chief executive officer, effectively integrating the implementation of our Mid-term Management Plan with the speedy delivery of solutions to customers and global society, while bolstering our management framework. Drawing on this enhanced leadership structure, we will continue to address diverse social issues through our Social Innovation Business, while fulfilling our responsibility to global society as a corporate citizen by respecting human rights, as defined by the United Nations Guiding Principles on Business and Human Rights, while also ensuring sustained protection of the global environment.



Hiroaki Nakanishi
Chairman & CEO



Toshiaki Higashihara
President & COO

WEB [Hitachi to Strengthen Leadership Team to Drive Global Business Expansion in the Rail Systems Business](http://www.hitachi.com/New/cnews/month/2014/03/140320.html)
<http://www.hitachi.com/New/cnews/month/2014/03/140320.html>

WEB [Hitachi Announces Changes of Top Managements](http://www.hitachi.com/New/cnews/f_140108.pdf) http://www.hitachi.com/New/cnews/f_140108.pdf

VISION

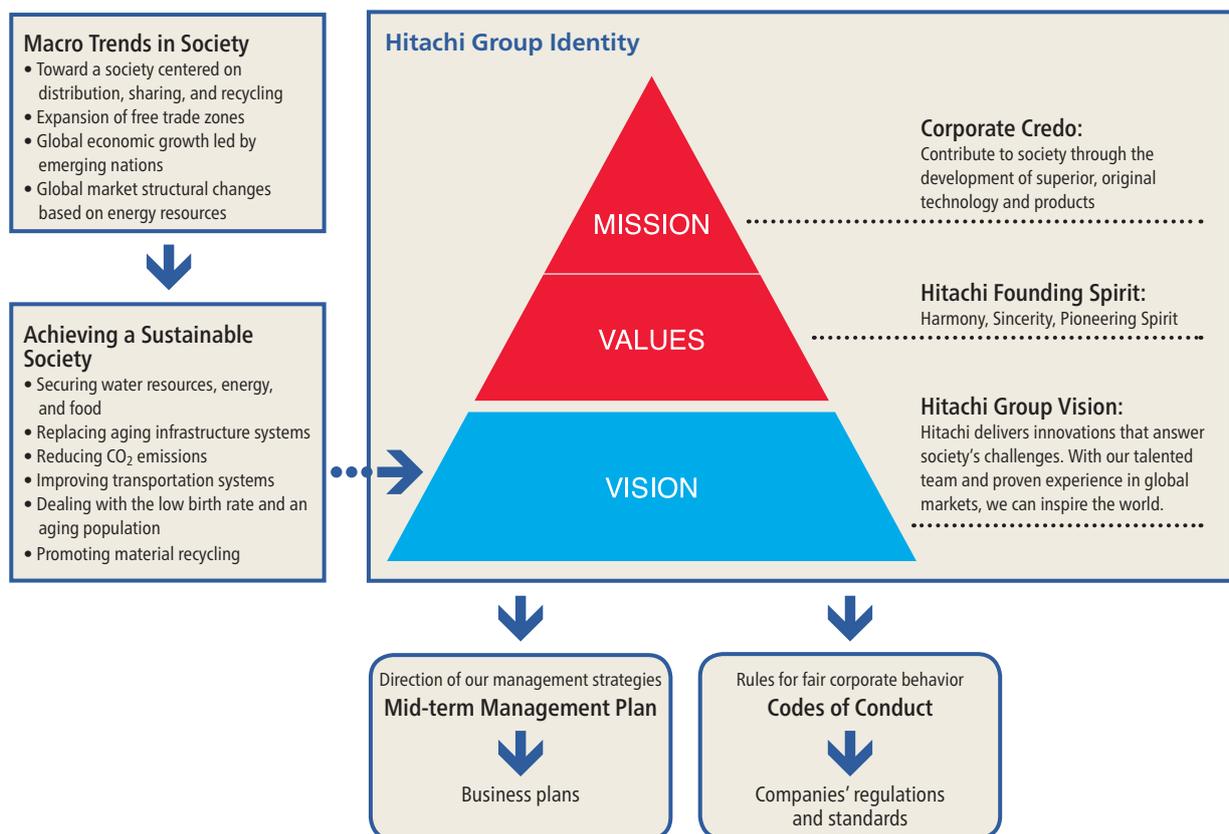
Management Strategies and CSR

As a global company, we share society's values and pursue sustainable growth by integrating management strategies and CSR. We align our CSR activities with our Mid-term Management Plan to realize the Hitachi Group Vision, creating both social and economic value.

For Hitachi, CSR is about realizing the world we envision in our Group Vision. That is, to contribute through innovation to both helping to build a safe, secure, comfortable, and fair society and helping to tackle global challenges: poverty, inequality in education, diseases, natural resource and energy issues, population concentration in cities, and other environmental issues. CSR is one of the drivers to achieve the goals in our Mid-term Management Plan, our action plan for our vision. By implementing this plan, we fulfill our responsibilities as a good corporate citizen by promoting Social Innovation Business, and with robust, diverse governance and a pioneering spirit as well as the strong ethics of our

employees. We also comply with national laws and work in line with the Hitachi Group Codes of Conduct. We created our Group Vision in May 2013, at the start of 2015 Mid-term Management Plan, which draws on the ethics and values that the Group has developed over the past 100 years—encapsulated in our Corporate Credo and Founding Spirit—to lay out a new mid- to long-term vision. Recognizing the changing macro trends in society, the vision shows our commitment to help solve some of the issues facing the global community and to realize a sustainable society. We also merged the Corporate Credo, Founding Spirit, and Hitachi Group Vision into the Hitachi Group Identity.

Trends in Society and Hitachi Group Identity



2015 Mid-term Management Plan Highlights

The 2015 Mid-term Management Plan focuses on *innovation*, *global*, and *transformation*. To achieve our targets, we will grow and transform through our Social Innovation Business.

2015 Mid-term Management Plan and FY 2013 Results (Consolidated)

Management Targets		
	FY 2015 Target*1	FY 2013 Results*2
Revenues	10 trillion yen	9,616.2 billion yen
EBIT*3 (operating income) ratio	Over 7% (over 7%)	6.0%
Net income attributable to Hitachi, Ltd. stockholders	Over 350 billion yen	264.9 billion yen
Net income attributable to Hitachi, Ltd. stockholders per share	Over 70 yen	54.86 yen
Total Hitachi, Ltd. stockholders' equity ratio (manufacturing, services & others)	Over 30%	27.4%
Service Revenue Ratio, Overseas Revenue Ratio, Number of Employees		
Service revenue ratio (including systems solutions)	Over 40%	32%
Overseas revenue ratio	Over 50%	45%
Employees in Japan	200,000	196,000
Employees outside Japan	150,000	124,000
Effects of Hitachi Smart Transformation Project		
	Total up to FY 2015	Total up to FY 2013
Cost reduction effect	400 billion yen	220 billion yen

*1 Assumed exchange rate: 90 yen/US dollar, 115 yen/euro *2 Exchange rate: 100 yen/US dollar *3 EBIT: Earnings before interest and taxes

2015 Mid-term Management Plan and Related Non-Financial Activities

In addition to financial activities, non-financial activities play a crucial role in achieving the 2015 Mid-term Management Plan goals. We set targets for non-financial activities related to key management policies and started these activities in fiscal 2013.

Management Focus	Material Issues for Hitachi	
	Related Non-Financial Activities	
Innovation: Strengthen service businesses that maximize the utilization of IT and bring about innovation	Sustainable Business	
	Expand R&D centers outside Japan	Promote R&D in 7 areas globally (as of June 2014)
		Increase R&D staff FY 2013 Result: approx. 290 people → FY 2015 Target 400 people
	Strengthen Open Innovation FY 2013 Result: 80 cases outside Japan, 250 cases in Japan	
	Service business sales ratio FY 2013 Result: 32% → FY 2015 Target Over 40%	
	Caring for the Environment	
	Eco-Product sales ratio FY 2013 Result: 89% → FY 2015 Target 90%	
Global: Deliver innovation to customers and society globally	Diversity Management	
	Diversity in directors (as of April 2014, out of 14 directors) • Outside directors: 8 • Non-Japanese: 4 • Females: 2	
	Female managers (Hitachi, Ltd.)	FY 2013 418 women → FY 2020 Target 1,000 women
	Female senior executives	Target to be assigned by FY 2015
	Respect for Human Rights	
	Business and human rights FY 2013 Results: 2 human rights due diligence pilot programs	
	Public Policy Initiatives	
	Stakeholder dialogues FY 2013 Results: Regions, themes expanded; held in 3 regions (Europe, US, and China)	
Transformation: Transform Hitachi: To deliver innovation by standardized and speedy operation	Diversity Management	
	Promotion of global human capital management strategy FY 2013 Results: Introduction of Global Performance Management / Talent development for global executives / Introduction of Global Leadership Development program	
	Sustainable Business	
Promotion of Hitachi Smart Transformation Project Total up to FY 2013 220 billion yen → Target outcome (aggregated FY 2011–FY 2015) 400 billion yen		

CSR Management

With our Corporate Credo of contributing to society through the development of superior, original technology and products, we strive to realize a sustainable society by integrating global social and environmental expectations with our management through communication with stakeholders.

Hitachi's CSR Activities

Looking toward the next Mid-term Management Plan which will start from fiscal 2016, to further integrate management strategies and CSR, we are revising our CSR Policy to a new framework using ISO26000. From fiscal 2014, we will further improve communications with our stakeholders to recognize and fulfill our social responsibilities. We will also reinforce the PDCA cycle to ensure execution of our activities and to improve the quality of our management.

Stakeholder Engagement

Hitachi puts great importance on communication with our stakeholders at various areas of our business activities. We will further work on developing more effective communication tools as well as on information disclosure to build trust relationships with our stakeholders.

New CSR Management Framework



Material Issues for Hitachi

We use a materiality process based on dialogues with stakeholders to identify material issues. To integrate our management strategies and CSR, we reflect, in our activities, material issues related to the key management policies in our Mid-term Management Plan and we seek to materialize CSR in line with our management strategy.



Selection Process for Material Issues

To select our material issues, we evaluate and verify sustainability issues that are identified through dialogues with stakeholders, such as international organizations, investors, and NGOs as well as by monitoring public policy trends, from two dimensions: importance for stakeholders and influence on business. Importance for stakeholders includes human rights, international development, the environment, reporting, ethics, and regional and international requirements. Influences on business are assessed from the perspectives of *global*, *fusion*, and the *environment*, the main points of our 2012 Mid-term Management Plan, as well as the perspectives of innovation, risk, reputation, and cost effectiveness.

FEATURE

Contributing to Society through Business

Creating value to fulfill our Corporate Credo—contributing to society through the development of superior, original technology and products—has underpinned our business development for more than a century.

Environmental issues are becoming global: climate change and ecosystem degradation as well as energy, water, resource and food shortages, urban population growth, graying of societies, and others. To solve these social issues, as a global corporate citizen, we create both economic and social value for a sustainable society.

Hitachi's Solutions for Social Issues

Combining our wide-ranging business activities with IT solutions helps us resolve social issues, including global environment problems.

The Environment and Energy

The aim of Hitachi's environmental management is to "achieve a sustainable society." For one key element of this aim, preventing global warming, we are reducing CO₂ emissions through our business operations.



Energy-Saving Products and Systems

We contribute to the reduction of CO₂ emissions across society as a whole by providing products and services with low energy consumption.

Power Generation Systems

We develop wind and solar power and other renewable energy power systems. Also, we reduce CO₂ emissions by improving the efficiency of these systems.

Biodiversity, Water, and other Resources

Ensuring biodiversity for the next generation means preserving ecosystems today. We help to preserve ecosystems through business operations that clean the air, water, and soil.



Water Environment Solutions

Our water environment solutions—purifying polluted water and desalinating seawater, for example—enable more efficient use of this limited resource.

Health and Aging

Responding to aging in societies worldwide, our medical solutions maintain and improve health. As well as diagnostic and testing equipment for early treatment, we supply pharmaceutical manufacturing equipment for safe, effective drugs.



Healthcare

We contribute to medical innovation by providing solutions across the healthcare cycle, including particle beam therapy systems and big data systems for preventive care and diagnostics.

Integration through IT

Advanced networks, storage, and cloud computing technologies connect infrastructures, products, and people. Hitachi provides optimal solutions to resolve social issues.

Cities and Transportation

Our infrastructure solutions increase safety and comfort in cities and remote islands with limited infrastructures. Solutions include safe, high-speed transportation networks; highly stable, efficient power equipment and transmission networks for diverse power sources, including renewable energy; and water systems for a safe, constant supply of water.



Smart Cities

Worldwide, we propose new forms of cities that are safer, more secure, and more convenient, and we contribute to the standardization of smart city infrastructures.

Security Systems for Buildings

Our security systems cover exit / entry as well as elevator operations and maintenance

Advanced Transportation Systems

Our safe, convenient railway and traffic information systems help reduce the environmental burden and congestion.

[Environment and Energy]

Using Renewable Energy

We have a strong record in large power plant EPC (engineering, procurement, and construction). For the Oita Solar Power Plant, Japan's largest, operating since March 2014, we handle the entire process: engineering through procurement, installation, and final adjustments. With 340,000 solar panels on a 105-hectare site, the 82,020 kW plant could generate 87 million kWh per year—the same as 30,000 households.*1 In fiscal 2013, we launched a solutions business to supply mega solar system packages from capital funding to EPC. We will supply these not only in Japan but across the globe.

Our unique wind turbine system has downwind rotors to catch the wind blowing up along mountains or hills. Our power generators produce stable power, even when the wind changes, and our charging and control systems operate under the harshest conditions. These features should translate into growing demand for our wind turbine systems. The full-scale offshore Kamisu Wind Farm in Ibaraki had no dam-

aged despite shocks reaching 6+ (JMA seismic scale) and five-meter tsunami waves during the Great East Japan Earthquake. We will supply safe, reliable wind turbine systems to Taiwan, the Philippines, and other areas of cyclone-prone East Asia from fiscal 2015 onward.

*1 Based on monthly household power consumption of 276.1 kWh in fiscal 2012 (Source: The Federation of Electric Power Companies of Japan)



Mega solar power from Oita Solar Power Plant's approximately 340,000 solar panels

[Health and Aging Societies]

Hitachi's Healthcare Business

Tailored to specific communities, Hitachi's IT-based integrated healthcare systems help to reduce medical costs as well as improve care, while providing solutions optimized for the individual.

In October 2013, Hitachi and Britain's National Health Service (NHS) in Greater Manchester, launched a proof-of-concept healthcare project using IT. Hitachi, with doctors and the NHS, will develop a system and network for centrally managing medical records, while safeguarding security and privacy. We will also develop IT-based programs using the lifestyle and health coaching skills developed for our Harasuma Diet*1 program.

Hitachi Medical Corporation develops patient-friendly equipment, combining products known for reliability with services and IT to produce an extensive range of healthcare solutions. For example, instead of conventional bore-shaped MRIs,*2 a new shape better suited to the work flow of medical staff accommodates many pa-

tients, including the elderly, infants, and large or claustrophobic patients. The open architecture uses low-power magnets. The new MRI system is working in over 150 countries, including emerging areas without stable power. Hitachi Medical supports both patients and medical staff on many fronts, including training on diagnostic imaging systems in and outside Japan.

*1 Harasuma Diet: A diet program designed by Dr. Nakagawa at the Hitachi Health Care Center

*2 MRI: magnetic resonance imaging



Hitachi Medical's magnet-based open architecture AIRIS Soleil MRI system

FY 2013 Environmental Report

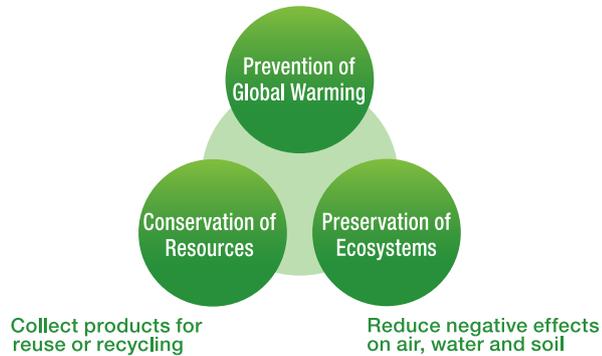
With the environment as an important management focus, we are working to reduce the environmental burden of our business operations.

As a Social Innovation Business company, we set the Environmental Vision, which helps achieve a sustainable society, the focus of our environmental management, aiming to reduce the environmental burden through business.

We are committed to global warming prevention, resource conservation, and ecosystems preservation as the three pillars of our vision. Our goal is to achieve a more sustainable society by promoting global production that reduces the environmental burden of a product throughout its life cycle.

The Hitachi Environmental Vision

Reduce CO₂ emissions in energy production
Enhance energy efficiency of our products



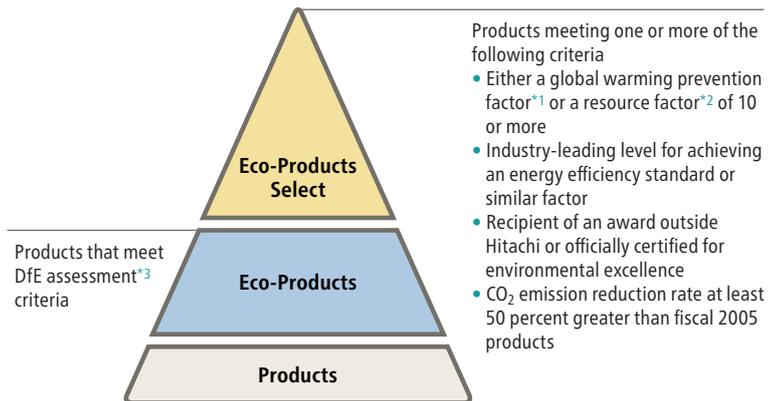
Towards a Sustainable Society

Environmentally Conscious Products and Services

Eco-Products meet criteria set out in the Assessment for DfE (Design for the Environment), where we evaluate how much the environmental burden of products and services is reduced throughout their life cycle. We set targets for raising the Eco-Product sales ratio. In fiscal 2013, our Eco-Product sales ratio reached 89 percent, topping the 84 percent target.

Eco-Products that meet even more demanding requirements are designated as Eco-Products Select, and we are working to produce more of these. In fiscal 2013, 210 models were designated Eco-Products Select.

Hitachi's Framework for Environmentally Conscious Products



- Products meeting one or more of the following criteria
- Either a global warming prevention factor*1 or a resource factor*2 of 10 or more
 - Industry-leading level for achieving an energy efficiency standard or similar factor
 - Recipient of an award outside Hitachi or officially certified for environmental excellence
 - CO₂ emission reduction rate at least 50 percent greater than fiscal 2005 products

*1 Indicates the amount of improvement in efficiency of global warming prevention compared with a reference product, measuring the extent to which greenhouse gas emissions have been reduced and the value of products and services boosted.

*2 Indicates the amount of improvement in resource efficiency compared with a reference product, measuring the extent to which resource consumption is reduced and the value of products and services boosted.

*3 Specific criteria for evaluating the environmental consciousness of products and services at the design and development stage.

Examples of Eco-Products Select

Ref Assist Energy-Saving Spot Cooling System for Data Centers (Infrastructure Systems Company, Hitachi, Ltd.)



Ref Assist

Heat generated in data centers by IT devices is cooled with air conditioning. The Ref Assist system uses spot cooling to make use of the natural circulation of refrigerants and reduce the power needed for fans, slashing air conditioning power consumption. When combined with an optional high-efficiency heat source and a free cooling system,*1 this design can reduce power consumption by up to 60 percent compared with conventional underfloor air conditioning systems.*2

*1 Heat source equipment (such as a chiller) produces chilled water as a coolant. Power consumption can be reduced by combining this with a high-efficiency heat source and a free cooling system.

*2 Calculated by Hitachi, Ltd. when compared with a conventional model.

ADWORLD, Long-Term Care Insurance Office Support System (Information & Telecommunication Systems Company, Hitachi, Ltd.)

ADWORLD

Service infrastructure

- Management of eligibility of insured persons
- Management of payment of insurance premiums
- Management of insurance service recipients
- Management of service records, etc.

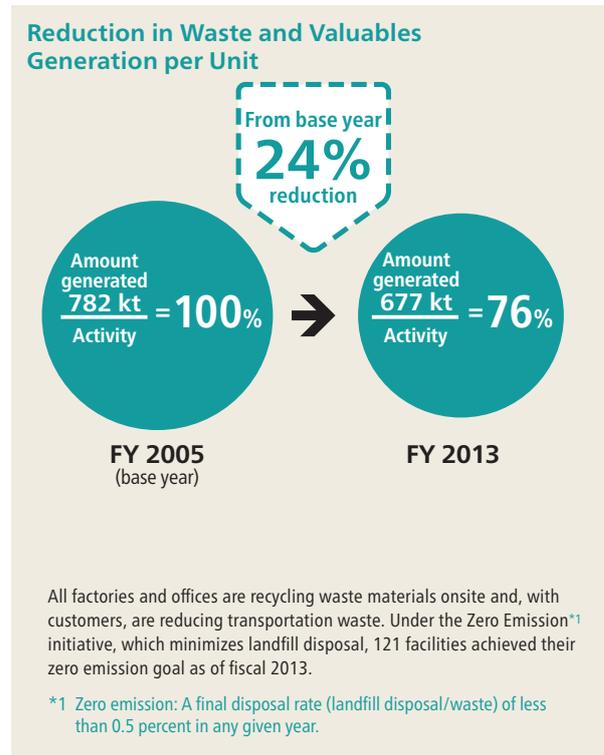
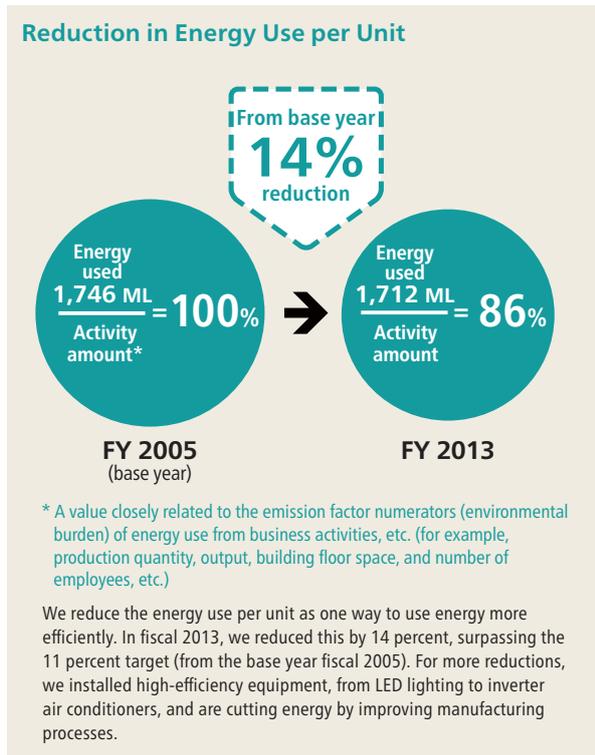
Nursing care insurance procedures will become increasingly complex. This system supports government workers with a customer liaison support feature, as well as simple, user-friendly software for creating spreadsheets, graphs and other materials, and an intuitive operating environment, while reducing CO₂ emissions by around 80 percent.

Typical services of Long-term care insurance office support system of ADWORLD

†For details see the *Hitachi Group Sustainability Report 2014* (PDF), pp. 089–092.

Environmentally Conscious Production

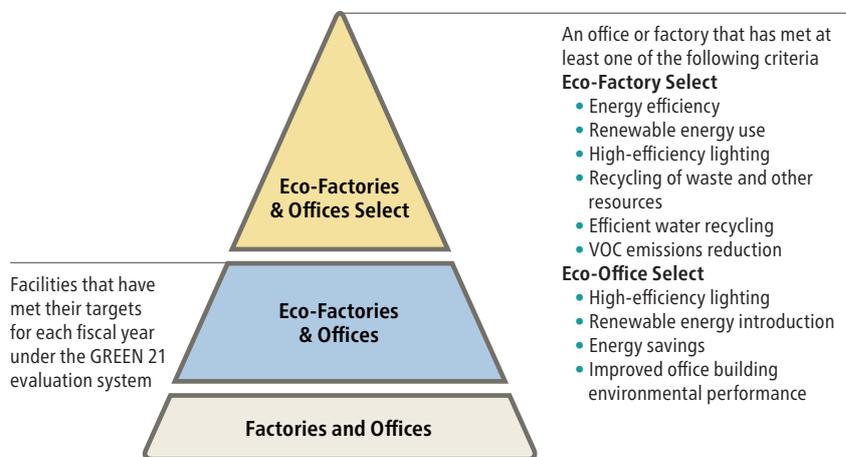
We set targets for energy efficiency, waste, chemical substance emissions, and water to reduce the environmental burden of business activities.



Creating Eco-Factories & Offices Select

Factories and offices with a high level of environmental consciousness and outstanding results receive Eco-Factory & Office Select certification. Certified factories and offices are re-evaluated every year to confirm that they meet the criteria. In fiscal 2013, 19 facilities obtained new certifications and 36 facilities had their certifications renewed.

Eco-Factories & Offices Select Certification Criteria



Examples of Eco-Factories & Offices Select



Hitachi High-Technologies Corporation, Ibaraki, Japan

The Naka Division of Hitachi High-Technologies develops, designs, and manufactures semiconductor measuring and inspection equipment, electron microscopes, and clinical analyzers, etc. This facility works to raise recycling awareness among employees, ensure thorough waste sorting, collection, and reuse. Other environmentally conscious initiatives include upgrading to high-efficiency air conditioning systems, introducing LED lighting, and installing motion sensors in restrooms. The new building, completed in 2011, features rooftop greenery, a solar power generation system, and energy-saving equipment.



Hitachi Building Equipment Manufacturing (Tianjin) Co., Ltd., Tianjin, China

Hitachi Building Equipment Manufacturing (Tianjin) Co., Ltd. manufactures elevators and related components. Since its inception, this factory has been improving energy efficiency, including installing skylights for natural lighting and automated air conditioning control. Water used in the production process is collected and passed through a wastewater treatment system for reuse. All employees save energy by turning off office lights and PC monitors during lunchtime.

FY 2013 Governance and Social Report

We are enhancing our corporate governance so that we can deliver social infrastructure systems around the world and continue to grow in global markets. To further integrate our management strategies with CSR, we are promoting innovation, respect for human rights, and information disclosure.

Corporate Governance

Our committee system establishes a framework for quick business decisions and transparent management by separating the responsibilities for management oversight from the execution of business operations.

Majority of
outside directors

WEB Corporate Governance Guidelines of Hitachi, Ltd.
<http://www.hitachi.com/IR-e/corporate/governance/guidelines.html>

WEB Hitachi Internal Control Assessment Framework
<http://www.hitachi.com/csr/governance/gove/index.html#gove03>

- We have seven outside directors on our 12-member^{*1} board of directors, including three non-Japanese (one female), to provide a balanced mix of ideas and global perspectives that reinforce the board's supervision.
- In April 2014, we created the Healthcare Group to integrate our customer response, to boost our ability to propose solutions geared to diversifying market needs, and to enhance our global competitiveness.
- To ensure the reliability of consolidated financial reporting, every company uses assessment documents, company-level controls and business process controls based on the guidelines developed by our J-SOX Committee.^{*2}

*1 Approved at the 145th Ordinary General Meeting of Shareholders on June 20, 2014.

*2 J-SOX: A system for the development of the internal controls required under Japan's Financial Instruments and Exchange Act (FIEA) that ensure the reliability of corporate disclosure.

* Hitachi Group Sustainability Report 2014 (PDF) pp. 60–62

Innovation Management

Our research and open innovation help resolve social issues. We will raise the total number of researchers outside Japan from 290 in fiscal 2013 to 400 by fiscal 2015.

Researchers outside
Japan increased to
400 by FY 2015 (Hitachi, Ltd.)

- To achieve growth in global markets, we are focusing on developing world-class technology supporting Hitachi's core businesses and reinforcing regional research that contributes to global business expansion.
- To reinforce our global research strengths, we further developed our worldwide R&D network, setting up four new research laboratories in four countries including in China and the US.
- Our R&D is conducted by researchers whose broad experience, backgrounds, and ideas stimulate creativity and innovation.
- We work with around 80 research laboratories outside Japan and another 250 in Japan to develop innovative R&D beyond the reach of Hitachi alone.

* Hitachi Group Sustainability Report 2014 (PDF) pp. 21–25

Social Contribution Activities

Through our employees, we pass on technologies and knowhow to local communities and contribute to nurturing the next generation.



Hitachi Library Project^{*2}

- To help nurture young scientists, we hold the Hitachi Science Seminar, a hands-on science education program, and similar programs run by Group companies. As well, we support the Hitachi Science Club in Hitachi City, Japan.
- To nurture personnel outside Japan, we operate the Hitachi Young Leaders Initiative and the Singapore-Industry Scholarship.
- Hitachi Solutions, Ltd. is running an IT-based pro bono^{*1} project for recovery assistance following the Great East Japan Earthquake.
- The social contribution expenditure of the Hitachi Group companies and five foundations in Japan totaled approximately 3.1 billion yen.

*1 Pro bono: Voluntary work where people use their professional skills for the public good

*2 Hitachi Library Project: Operated by Hitachi Asia (Thailand) Co., Ltd., this project donates school books and other materials to schools. Donations are also made for libraries and renovations.

Approximately **3.1 billion yen**
spent on social contribution activities.

* Hitachi Group Sustainability Report 2014 (PDF) pp. 171–183

Respecting Human Rights

We see the responsibility to respect the human rights of all stakeholders as key to operating as a global business. As of fiscal 2014, we will start to create guidance on human rights due diligence*1 that will be shared across the Group.



Workshop for executive officers

* Hitachi Group Sustainability Report 2014 (PDF) pp. 130–132

- We released the Hitachi Group Human Rights Policy in May 2013.
- In July 2013, 29 executive officers, including the president, participated in a workshop on human rights in global business.
- We conducted our first common global human rights e-learning program, with around 160,000 employees participating, as of March 2014.
- We developed a pilot program for human rights due diligence, identifying human rights risks in the value chain and mapping risks in particular regions.

*1 Human rights due diligence: Identifying and assessing human rights impacts, as well as integrating findings and taking action to prevent or mitigate potential impact or to provide for or cooperate in remediation. The processes also cover tracking the effectiveness of our actions and communicating externally.

WEB

Hitachi Group Human Rights Policy

http://www.hitachi.com/csr/renew/pdf/human_rights_policy.pdf

Conducted a **human rights due diligence** pilot program

Supply Chain Management

As we work with our suppliers to take action across the supply chain, we will continue to resolve issues together with our suppliers in line with new procurement policies and guidelines.

Created the **Hitachi Group Conflict Minerals Procurement Policy**

* Hitachi Group Sustainability Report 2014 (PDF) pp. 133–137

- We asked 100 key suppliers to undertake CSR Monitoring (self-checks). We also conducted CSR audits of 16 of these suppliers from China and the rest of Asia, finding no major infringements.
- We released the Hitachi Group Conflict Minerals Procurement Policy and Procurement BCPs*1 and ensured that all concerned parties were informed.
- We revised our Green Procurement Guidelines, responding to tighter chemical substance regulations.
- Our green purchasing rate has reached 90 percent.

*1 BCP: Business Continuity Plan

WEB

Hitachi Group Supply Chain CSR Deployment Guidebook

http://www.hitachi.com/procurement/policy/_icsFiles/afiledfile/2010/08/30/SC_CSR_E_2.pdf

Diversity Management

Hitachi, Ltd. aims to appoint female executives by fiscal 2015 and to increase the number of female managers to 1,000 by fiscal 2020.



Hitachi Group Women Leaders' Meeting

* Hitachi Group Sustainability Report 2014 (PDF) pp. 138–150

- Our Diversity for Next 100 initiative develops diversity management as a key management strategy.
- In addition to helping women develop their careers and providing support for balancing work with nursing care, we are also enhancing Hitachi Group partnerships and senior management commitment. We held events such as Prior to Maternity Leave/Return-to-Work Support Seminars and diversity workshops.
- We were selected to receive Nadeshiko Brand designation from the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange as an enterprise that encourages women to play active roles in the workplace.



Nadeshiko Brand logo

Selected for **Nadeshiko Brand** designation

Hitachi Group Profile

Company Profile (as of March 31, 2014)

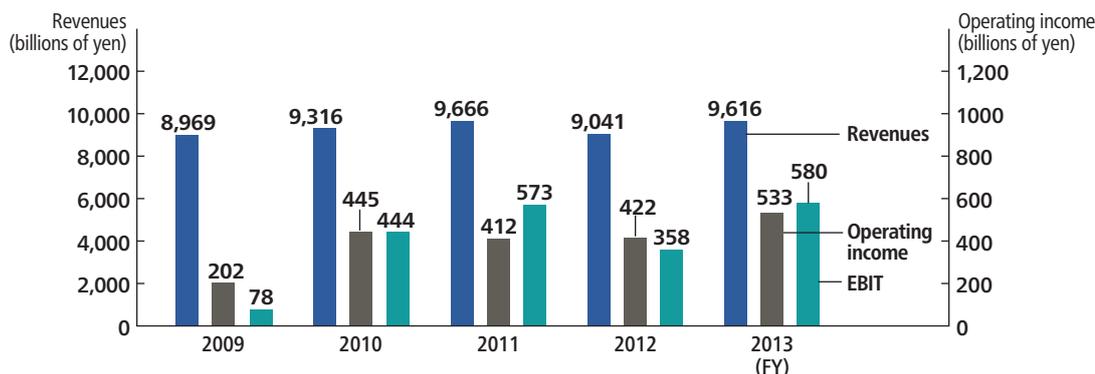
<i>Corporate Name</i>	Hitachi, Ltd.	<i>Capital</i>	458.79 billion yen
<i>Incorporated</i>	February 1, 1920 (founded in 1910)	<i>Number of employees (unconsolidated basis)</i>	33,500
<i>Head Office</i>	1-6-6 Marunouchi, Chiyoda-ku, Tokyo 100-8280, Japan	<i>Number of employees (consolidated basis)</i>	320,725
<i>Representative</i>	Toshiaki Higashihara Representative Executive Officer President & COO	<i>Number of consolidated subsidiaries</i>	947 (Japan: 283, outside of Japan: 664)
		<i>Number of equity-method affiliates</i>	231 (Japan: 66, outside of Japan: 165)

Consolidated Business Overview and Results for Fiscal 2013

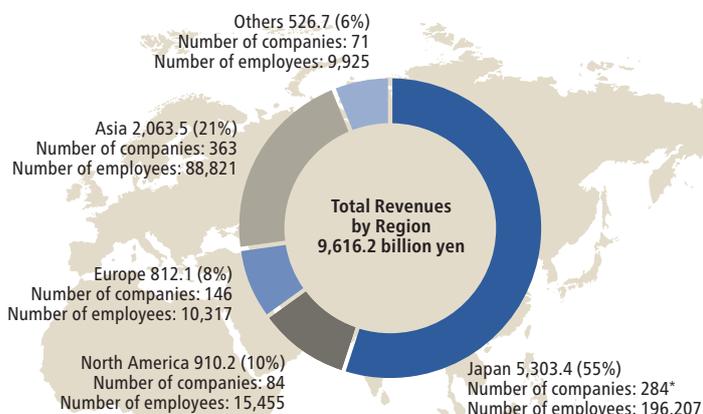
<i>Revenues</i>	9,616.2 billion yen (up 6%, year on year)	<i>Capital Expenditure</i>	849.8 billion yen (up 14%)
<i>Operating income</i>	532.8 billion yen (up 26%)	<i>R&D Expenditure</i>	351.4 billion yen (up 3%)
<i>EBIT*</i>	580.1 billion yen (up 62%)	<i>Percentage of Revenues amount to Oversea Production</i>	24%

*EBIT: Defined income before income tax less interest income changes

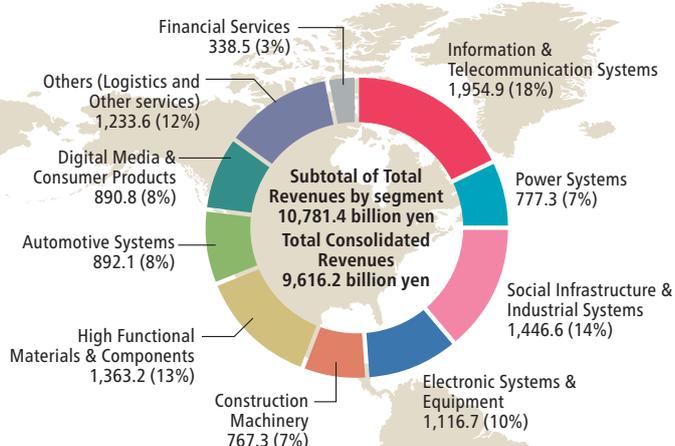
Revenues, Operating Income and EBIT



Revenues and Sales Ratio by Region (billions of yen)



Revenues and Ratio by Segment (billions of yen)



* Hitachi, Ltd. and 283 consolidated subsidiaries in Japan, total 284 companies

Major Fields of Business and Products

Information & Telecommunication Systems

- Systems Integration, Outsourcing Services, Software, Disk Array Subsystems, Servers, Mainframes, Telecommunications Equipment, ATMs
- Hitachi Information & Telecommunication Engineering, Ltd., Hitachi-Omron Terminal Solutions, Corp., Hitachi Computer Products (America), Inc., Hitachi Computer Products (Europe) S.A.S., Hitachi Information & Control Solutions, Ltd., Hitachi Solutions, Ltd., Hitachi Systems, Ltd., Hitachi Consulting Corporation, Hitachi Data Systems Corporation, Hitachi Information & Telecommunication Systems Global Holding Corporation



Hitachi Unified Compute Platform*

Power Systems

- Thermal, Nuclear and Renewable Energy Power Generation Systems, Transmission & Distribution Systems
- Hitachi-GE Nuclear Energy, Ltd., Hitachi Power Solutions Co., Ltd., Horizon Nuclear Power Limited



Photovoltaic Power Generation System*
Oita Solar Power Corporation, Oita solar power (Mega solar power plant)

Social Infrastructure & Industrial Systems

- Industrial Machinery and Plants, Elevators, Escalators, Railway Systems
- Hitachi Industrial Equipment Systems Co., Ltd., Hitachi Elevator (China) Co., Ltd., Hitachi Building Systems Co., Ltd., Hitachi Plant Construction, Ltd.



Class395 high-speed train (UK)*

Electronic Systems & Equipment

- Semiconductor and LCDs, Manufacturing Equipment, Test and Measurement Equipment, Advanced Industrial Products, Medical Electronics Equipment, Power Tools
- Hitachi High-Technologies Corporation, Hitachi Koki Co., Ltd., Hitachi Kokusai Electric Inc., Hitachi Medical Corporation



Hitachi Medical's MRI System

Construction Machinery

- Hydraulic Excavators, Wheel Loaders, Mining Machinery
- Hitachi Construction Machinery Co., Ltd.



Hitachi Construction Machinery's Double-arm Working Machine

High Functional Materials & Components

- Semiconductor and Display Related Materials, Circuit Boards and Materials, Automotive Parts (Molded Plastics, etc.), Energy Storage Devices, Specialty Steels, Magnetic Materials and Components, High Grade Casting Components and Materials, Wires and Cables
- Hitachi Chemical Company, Ltd., Hitachi Metals, Ltd.



Hitachi Chemical's Industrial Li-ion Batteries

Automotive Systems

- Engine Management Systems, Electric Powertrain Systems, Drive Control Systems, Car Information Systems
- Clarion Co., Ltd., Hitachi Automotive Systems, Ltd., Hitachi Automotive Systems Americas, Inc.



Hitachi Automotive Systems' Semi-Active Suspension System

Digital Media & Consumer Products

- Air-Conditioning Equipment, Room Air Conditioners, Refrigerators, Washing Machines, Optical Disk Drives, Flat-Panel TVs
- Hitachi Appliances, Inc., Hitachi-LG Data Storage, Inc., Hitachi Consumer Products (Thailand), Ltd., Hitachi Consumer Marketing, Inc.



Hitachi Appliances' Large Capacity Refrigerator "Vacuum Compartment FS" X series

Others (Logistics and Other services)

- Logistics, Property Management
- Hitachi Life, Ltd., Hitachi Transport System, Ltd., Hitachi Urban Investment, Ltd., Hitachi America, Ltd., Hitachi Asia Ltd., Hitachi (China), Ltd., Hitachi Europe Ltd., Hitachi India Pvt. Ltd.



Hitachi Transport System's truck and Metropolitan East Distribution Center

Financial Services

- Leasing, loan guarantees
- Hitachi Capital Corporation



Hitachi Capital's Hitachi Corporate Card

● : Main products and services ■ : Positioning of principal affiliated companies (as of March 31, 2014) *: Products and services of Hitachi, Ltd.

(Notes.) 1. Hitachi America, Ltd., Hitachi Asia Ltd., Hitachi (China), Ltd., Hitachi Europe Ltd. and Hitachi India Pvt. Ltd. are the Hitachi Group's regional supervising company for Americas, Asia, China, Europe and India, and they sell the Hitachi Group's products.

2. Hitachi Information & Control Solutions, Ltd. changed its name to Hitachi Industry & Control Solutions, Ltd. in association with the reorganization of the information and control solution business for industrial fields, the security system business and the printed-circuit board manufacturing business of the Group as of April 1, 2014.

HITACHI

Inspire the Next

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ZZ-E031	2014.10
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Printed in Japan(H)